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Coal Processing Facilities at the Ports
of Cam Pha and Hon Gay

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Coal is North Vietnam's principal export commodity and coal sales to the Free World countries, which average about 600,000 metric tons a year, net North Vietnam from \$8-\$10 million dollars a year in hard currencies. These sales constitute 55-60 percent of North Vietnam's total hard currency earnings. About 90 percent of North Vietnam's coal exports originate at the port of Cam Pha.

Two US airstrikes in April 1966 against the coal facilities at Cam Pha, drastically reduced North Vietnam's exports of coal. The coal washing and grading plant was the most significant facility damaged in these strikes. With this plant out of action, or operating at only a fraction of its pre-strike capacity, the North Vietnamese have been hard pressed to maintain the volume of coal exports. Total coal exports are now running at only 70 percent of the average monthly exports in the first quarter of 1966. The North Vietnamese have succeeded in maintaining this level of exports only by exhausting dock-side stocks at Cam Pha and by round the clock operations at Hon Gay. In spite of these problems the North Vietnamese have been able to maintain coal exports to Japan, principally by curtailing coal shipments to other countries, notably Communist China. North Vietnam earned about \$2 million in foreign exchange from Japan in the first six months of 1966. Since the air attacks on the facilities at Cam Pha, the combined shipments to Japan from Hon Gay and Cam Pha have averaged well over \$350,000 a month in value.

These earnings are significant to North Vietnam particularly in sustaining its imports of capital and consumer goods from the Free World. The three most important imports from Free World countries are chemicals, foodstuffs and machinery and equipment.

The Japanese coal trade with North Vietnam is based almost exclusively on the superior qualities of North Vietnamese anthracite briquettes. This trade could be effectively disrupted if the coal cleaning and grading plants at Hon Gay and Cam Pha were neutralized. The location of these targets is shown in the annotated photographic port studies attached to this memorandum. The coal processing facility at Hon Gay is shown as area number 2 in enclosure 1; the facility at Cam Pha is shown as area number 3 in enclosure 2. In both cases the targets are so located that the probability of excessive civilian casualties is small.

ORR/CIA
24 August 1966

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